

# WEEKLY MARKET recap

27 – 31 January 2025

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## Highlights of the week

- Gold prices have reached a new all-time high of US\$2,798/oz.
- The Australian headline inflation rate has come in at 2.4% for the twelve months to the December 2024 quarter.

## Market Action

Sector	Returns % (excluding distributions)		
	31-Jan-25	24-Jan-25	Change (%)
<b>S&amp;P/ASX 200</b>	8537.5	8408.2	1.5%
<b>All Ordinaries</b>	8795.0	8660.7	1.6%
<b>Small Ordinaries</b>	3229.2	3199.9	0.9%
<b>S&amp;P 500 *</b>	6071.2	6118.7	-0.8%
<b>NASDAQ *</b>	19681.8	20053.7	-1.9%
<b>FTSE 100 *</b>	8646.9	8565.2	1.0%
<b>Hang Seng *</b>	20225.1	19700.6	2.7%
<b>Nikkei *</b>	39514.0	39958.9	-1.1%

\*US, UK, European and Asian prices refer to the previous day's close

US equity markets retreated this week with the S&P 500 and the NASDAQ dropping -0.8% and -1.9% respectively. Information Technology dragged on the indices with the rise of DeepSeek, a Chinese low-cost, high performing artificial intelligence (AI) chatbot, creating concerns around US valuations and spending on AI. The FTSE100 rose 1.0%, breaking the 8,600-point mark for the first time.

### S&P/ASX 200 - Top five of the week

ASX Code	Company	Closing Price	Change*
<b>PMV</b>	Premier Investments	\$23.86	17.2%
<b>EMR</b>	Emerald Resources	\$4.29	14.8%
<b>APX</b>	Appen	\$2.79	14.2%
<b>MSB</b>	Mesoblast	\$3.11	12.6%
<b>KAR</b>	Karoon Energy	\$1.59	12.5%

\*Prices as at 3.00PM on 31/01/2025

Premier Investments has rebounded 17.2% after completing the merger with Myer Holdings. Emerald Resources jumped 14.8% after announcing exploration success at its projects in Cambodia and Australia. Appen climbed 14.2% on its fourth quarter results. Excluding revenue from Google, Appen saw a 37% increase in quarterly revenue compared to the prior corresponding period. Mesoblast rose 12.6% after announcing plans to launch its Ryoncil therapy in the US within the quarter. Karoon Energy returned 12.5% after reporting a 53% increase in fourth quarter sales volumes.

### S&P/ASX 200 Index - 1 Week Performance



The Hang Seng rallied 2.7% on its technology shares whilst the Nikkei fell -1.1% on weakness in semiconductor companies. The S&P/ASX 200 returned 1.5% with labour market and inflation data increasing expectations of a rate cut by the Reserve Bank of Australia in February. Small caps underperformed both mid and large caps, returning 0.9%.

### S&P/ASX 200 - Bottom five of the week

ASX Code	Company	Closing Price	Change*
<b>ZIP</b>	Zip Co	\$2.46	-24.5%
<b>NXL</b>	Nuix	\$4.54	-17.9%
<b>VUL</b>	Vulcan Energy	\$4.61	-14.2%
<b>MFG</b>	Magellan Financial	\$10.45	-12.0%
<b>CU6</b>	Clarity Pharmaceuticals	\$3.68	-9.5%

Zip Co. has dropped -24.5% after reporting a contraction in margins over the second quarter. Nuix has fallen -17.9% after confirming its earnings guidance for the first half year was below its earnings for the prior corresponding period. Vulcan Energy is down -14.2% since the completion of its share purchase plan. Magellan Financial Group lost -12.0% after announcing numerous executive and investment team changes, including the departure of Gerald Stack, the Head of Investments. Clarity Pharmaceuticals retreated -9.5% after reporting a higher cash outflow over its second quarter.

## Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
No upcoming dividends this week.				

## Key Rates Table

Aus. 10-yr Bond Yield	US 10-yr Bond Yield	AUD/USD	AUD/GBP	AUD/EUR	AUD/CNY	AUD/JPY
4.47%	4.54%	0.62	0.50	0.60	4.47	96.01

\*Rates as at 3.00PM on 31/01/2025

## Topic of the week

A Chinese artificial intelligence (AI) chatbot named DeepSeek has suddenly risen to popularity this week, with its app leading downloads on the Apple store in many countries. DeepSeek claims to perform at the same level as OpenAI's ChatGPT, but at a much lower cost compared to its competitors. DeepSeek claims that training the language model cost US\$5.5 million whereas OpenAI spent over US\$100 million on ChatGPT. It also uses cheaper chips, reducing its cost and the energy required to run the chatbot.

DeepSeek's emergence resulted in a technology sector sell-off. Nvidia was most affected, falling -16.9% in a day with concerns that AI companies and learning models will no longer need Nvidia's top-tier high performance chips. Nvidia's market value fell by \$600 billion, the largest one-day fall by a company listed in the US.

The Philadelphia Semiconductor index which tracks the 30 largest listed US semiconductor companies lost -9.2% that day, its biggest one-day slide since March 2020.

Energy stocks also sold off with uncertainty around energy demand needs. Energy requirements to run data centres for AI needs were forecast to be extremely high, with companies like Amazon, Google, and Microsoft having already secured nuclear deals in preparation. However, DeepSeek's energy efficiency model could limit energy demand.

Markets have since partly recovered but questions remain on the valuation of AI tech companies and whether the large amounts of investment into research and infrastructure have been well spent.

## Home Loan Rates

Lender	Owner Occupier (Variable)	Owner Occupier (2 Year Fixed)	Owner Occupier (5 Year Fixed)	Investor (Variable)	Investor (2 Year Fixed)	Investor (5 Year Fixed)
CBA	6.49%	6.44%	6.84%	6.69%	6.49%	6.94%
NAB	6.44%	6.04%	6.29%	6.96%	6.24%	6.49%
Macquarie	6.14%	5.69%	5.69%	6.34%	5.85%	5.85%

\*Based on a 25-year, \$450,000 loan with principal and interest repayments and a Loan to-Value ratio of 70%

## What to expect for the week ahead

- The US 2024 4<sup>th</sup> Quarter Corporate Earnings Season will continue with Alphabet, Eli Lilly, Spotify, and Amazon all expected to report.
- The Australian Bureau of Statistics (ABS) will release the Select Living Cost Indexes data for the December quarter.



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